GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:1006
ANSWERED ON:23.10.2008
MISUSE OF EXCISE DUTY EXEMPTION BY PHARMACEUTICAL COMPANIES
Muqueem Shri Mohammed

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government has asked the National Pharmaceuticals Pricing Authority (NPPA) to keep a check on companies which factor in excise component into pricing even when they do not pay the levy as reported in the Economic Times dated 23 August,2008;

(b) if so,the facts thereof;

(c) whether many large pharma companies have set up their plants in excise duty exempt States and these companies are charging excise duty while calculating their MRP`s over the notified ceiling prices but are not depositing the excise duty on the plea that they are operating in tax exempt States;

(d) if so whether the Government is treating this practice as overcharging;

(e) if so the names of the companies and the amount to be recovered on account of overcharging; and

(f) the action taken by the Government to stop this practice?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICAL AND FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF MINES(SHRI B.K. HANDIQUE)

(a) to (f) The prices of the formulations notified by NPPA also indicates the equivalent MRP (inclusive of excise duty & taxes) and is subject to actual payment of Government levies/taxes by the companies,keeping in view the fact whether it is manufactured in excise zone or excise free zones. No specific case has come to the notice of NPPA where a company has claimed payment of excise duty and has not deposited it with the Government.